



FOR IMMEDIATE RELEASE

June 18, 2008

PRESS RELEASE

MAYOR CONTINUES TO DRIVE FORWARD VOTER-APPROVED MANAGED COMPETITION EFFORT

EIGHT MORE ASSESSMENTS COMPLETED; INDEPENDENT CONSULTANT CRITICAL TO HELP ENSURE FAIRNESS AND LEVEL PLAYING FIELD

Mayor Jerry Sanders continues great progress in implementing the voter-approved managed competition process. The Mayor announced today that ***pre-competition assessments have been completed for eight more City functions***. To date, 26 functions have finished assessments of their eligibility for the broader competitive procurement process. Including the latest round of functions, the Mayor has chosen to move ***306 positions and over \$68 million worth of City's budget forward in the competitive procurement*** process.

FUNCTION (DEPARTMENT)	# OF POSITIONS	BUDGET
1/5 of solid waste collection services (Environmental Services)	46	\$ 10,578,342
Street sweeping (General Services)	21	\$ 5,792,572
Greenery compost facility operations (Environmental Services)	14	\$ 2,593,786
Container delivery services (Environmental Services)	6	\$ 1,208,420
Dead animal pick-up (Environmental Services)	1	\$ 165,934
Street Maintenance (General Services)	56	\$ 8,527,430
Pavement markings and signs (General Services)	41	\$ 4,638,516
Storm drains maintenance (General Services)	38	\$ 14,174,287
Traffic signals maintenance (General Services)	26	\$ 6,668,627
Street lights maintenance (General Services)	24	\$ 5,809,178
Custodial Services (General Services lead, Various departments)	14*	\$ 5,792,102
Sidewalk maintenance (General Services)	19	\$ 3,033,048
TOTAL	306	\$ 68,982,242

**The budget for Custodial Services includes the costs for existing contracts with outside vendors*

CITY ORDINANCE AND COMPETITION GUIDELINES CALL FOR OUTSIDE ASSISTANCE

On Monday, the City Council will be asked to approve a contract for the services of an independent consultant who will develop the service specifications and Statements of Work necessary to appropriately and fairly solicit the services that the City intends. Given the need to mitigate as many risks in the procurement process as possible and to ensure that the Statements of Work are fair and clear and enable a level playing field for analysis, the City will need to turn to an outside consultant to assist in the development of the Statements of Work.

Using an outside consultant for this effort was anticipated as the City Council helped develop and adopted the Managed Competition Ordinance. It is also called out as part of the process described in the Managed Competition Guide developed to help steer this competitive procurement process. Using an outside consultant will provide further assurance that the competitive procurement process is being conducted fairly and that bids from outside vendors and City employee teams are assessed on the level playing field specified by the Managed Competition Ordinance and Guide.

LATEST ASSESSMENTS FIND SOME FUNCTIONS INELIGIBLE OR INAPPROPRIATE FOR COMPETITION

Six of the eight functions analyzed in the latest round of pre-competition assessments have been found ineligible and/or inappropriate for competitive procurement. One, Library Delivery Services, was found to be similar to other delivery functions Citywide, leading the Mayor to initiate a new Business Process Reengineering study for this activity. This specific function will be evaluated for eligibility in the competitive procurement process following the conclusion of the new BPR effort.

The determination to withhold functions from competition was based on the rules and taxpayer protections included in the San Diego Managed Competition Ordinance. As with all City functions, changing conditions may make these eligible for competition at some point in the future.

FUNCTION	ELIGIBILITY STATUS FOR COMPETITION
Custodial Services	Eligible: Proceeding to competitive procurement. The City's budget for custodial services includes 14 staff positions and funding for 26 separate contracts with outside vendors. The Mayor is moving each of these budget elements into the competitive procurement process.
Homeland Security	Ineligible/Inappropriate: Some elements of the City's Homeland Security operation were determined to be "inherently governmental" and thus precluded from the competition process.

FUNCTION	ELIGIBILITY STATUS FOR COMPETITION
Library – Materials Selection Services	Inappropriate: There is only a single potential service provider precluding the opportunity to conduct a competitive procurement process in accordance with the City’s Managed Competition Ordinance.
Library – Materials Purchasing	Inappropriate: There is only a single potential service provider precluding the opportunity to conduct a competitive procurement process in accordance with the City’s Managed Competition Ordinance.
Library – Circulation Library – Reference Services	Inappropriate: There is only a single potential service provider precluding the opportunity to conduct a competitive procurement process in accordance with the City’s Managed Competition Ordinance.
Library – Delivery Services	Inappropriate at this time: The Mayor has determined that even greater savings may be achieved by looking at delivery services throughout City operations and will initiate a Business Process Reengineering evaluation of Citywide delivery services.
Storm Water Pollution Prevention	Ineligible: This function was determined to be “inherently governmental” and thus ineligible for competition given the criteria of the San Diego Managed Competition Ordinance governing the competitive procurement process.

MAYOR CONTINUES TO ENSURE MANAGED COMPETITION IN CONDUCTED FAIRLY FOR ALL

The Mayor has again reaffirmed his commitment to ensuring the entire managed competition effort remains a fair, open and transparent process and will ensure that:

- Contracting recommendations will be based upon “best value” to the taxpayers.
- At least two bids from independent contractors must be received.
- Potential contractors must be able to provide the service at a savings of 10% or more as compared to the bid made by employees.
- The recommendation to award a contract to an external vendor or the City employee team will be made by the Managed Competition Independent Review Board (MCIRB).
- The Mayor can only accept or reject a contracting recommendation from the MCIRB. He cannot amend it. Likewise, the City Council can only accept or reject the Mayor’s proposal.
- Should an award go to an independent contractor, employees will not be precluded or hindered from seeking employment with that contractor.

- Appropriate “firewalls” will be established between the employee and management team developing the contract specifications and the employee team preparing the City’s employee proposal in order to protect the integrity of the process.
- Employee teams will be provided with support to develop a competitive proposal.
- Statement of Work development will be led by an expert team of outside consultants and supported by the functional expertise of City staff.
- Contracts will be limited to a five-year period and regular audits will ensure the agreed upon level of services are being provided.

TIMELINE FOR NEXT STEPS IN MANAGED COMPETITION PROCESS

Activity	Timeline
Develop initial service specifications for eligible functions	Summer 2008
Develop initial Requests for Proposals	Summer 2008
Advertise initial solicitation(s)	Summer 2008
MCIRB reviews initial proposals	Fall 2008
Mayor/Council consider initial award recommendations	End of 2008
City Meets & Confers with impacted labor organizations	Early 2009
Transition to proposed service delivery process completed for initial awards	By Summer 2009
Performance monitoring	Thereafter - Ongoing